

HOUSE BILL No. 1194

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.5.

Synopsis: Circuit breaker LOIT option. Authorizes an additional tax rate under the county adjusted gross income tax or the county option income tax to offset circuit breaker losses sustained by the political subdivisions in a county. Provides that the tax rate may not exceed 1%.

Effective: Upon passage.

Karickhoff

January 14, 2014, read first time and referred to Committee on Ways and Means.



Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

HOUSE BILL No. 1194

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.5-1.1-2, AS AMENDED BY P.L.261-2013,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 2. (a) The county council of any county in
4 which the county option income tax will not be in effect on December
5 1 of a year under an ordinance adopted during a previous calendar year
6 may impose the county adjusted gross income tax on the adjusted gross
7 income of county taxpayers of its county.
8 (b) Except as provided in section 2.3, 2.5, 2.7, 2.8, 2.9, 3.3, 3.5, 3.6,
9 24, 25, ~~or 26~~, **or 29** of this chapter, the county adjusted gross income
10 tax may be imposed at a rate of one-half of one percent (0.5%),
11 three-fourths of one percent (0.75%), or one percent (1%) on the
12 adjusted gross income of resident county taxpayers of the county. Any
13 county imposing the county adjusted gross income tax must impose the
14 tax on the nonresident county taxpayers at a rate of one-fourth of one
15 percent (0.25%) on their adjusted gross income. If the county council
16 elects to decrease the county adjusted gross income tax, the county



1 council may decrease the county adjusted gross income tax rate in
2 increments of one-tenth of one percent (0.1%).

3 (c) To impose the county adjusted gross income tax, the county
4 council must adopt an ordinance. The ordinance must substantially
5 state the following:

6 "The _____ County Council imposes the county adjusted
7 gross income tax on the county taxpayers of _____ County.
8 The county adjusted gross income tax is imposed at a rate of
9 _____ percent (____%) on the resident county taxpayers of the
10 county and one-fourth of one percent (0.25%) on the nonresident
11 county taxpayers of the county."

12 (d) The auditor of a county shall record all votes taken on
13 ordinances presented for a vote under the authority of this section and,
14 not more than ten (10) days after the vote, send a certified copy of the
15 results to the commissioner of the department, the director of the
16 budget agency, and the commissioner of the department of local
17 government finance in an electronic format approved by the director of
18 the budget agency.

19 (e) If the county adjusted gross income tax had previously been
20 adopted by a county under IC 6-3.5-1 (before its repeal on March 15,
21 1983) and that tax was in effect at the time of the enactment of this
22 chapter, then the county adjusted gross income tax continues in that
23 county at the rates in effect at the time of enactment until the rates are
24 modified or the tax is rescinded in the manner prescribed by this
25 chapter. If a county's adjusted gross income tax is continued under this
26 subsection, then the tax shall be treated as if it had been imposed under
27 this chapter and is subject to rescission or reduction as authorized in
28 this chapter.

29 SECTION 2. IC 6-3.5-1.1-9, AS AMENDED BY P.L.261-2013,
30 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 UPON PASSAGE]: Sec. 9. (a) Revenue derived from the imposition of
32 the county adjusted gross income tax shall, in the manner prescribed by
33 this section, be distributed to the county that imposed it. The amount
34 to be distributed to a county during an ensuing calendar year equals the
35 amount of county adjusted gross income tax revenue that the budget
36 agency determines has been:

- 37 (1) received from that county for a taxable year ending before the
38 calendar year in which the determination is made; and
39 (2) reported on an annual return or amended return processed by
40 the department in the state fiscal year ending before July 1 of the
41 calendar year in which the determination is made;

42 as adjusted for refunds of county adjusted gross income tax made in the



1 state fiscal year.

2 (b) Before August 2 of each calendar year, the budget agency shall
 3 provide to the county auditor of each adopting county an estimate of
 4 the amount determined under subsection (a) that will be distributed to
 5 the county, based on known tax rates. Not later than thirty (30) days
 6 after receiving the estimate of the certified distribution, the county
 7 auditor shall notify each taxing unit of the estimated amount of
 8 property tax replacement credits, certified shares, and other revenue
 9 that will be distributed to the taxing unit under this chapter during the
 10 ensuing calendar year. Before October 1 of each calendar year, the
 11 budget agency shall certify to the county auditor of each adopting
 12 county the amount determined under subsection (a) plus the amount of
 13 interest in the county's account that has accrued and has not been
 14 included in a certification made in a preceding year. The amount
 15 certified is the county's "certified distribution" for the immediately
 16 succeeding calendar year. The amount certified shall be adjusted under
 17 subsections (c), (d), (e), (f), and (g). Not later than thirty (30) days after
 18 receiving the notice of the amount of the certified distribution, the
 19 county auditor shall notify each taxing unit of the amount of property
 20 tax replacement credits, certified shares, and other revenue that will be
 21 distributed to the taxing unit under this chapter during the ensuing
 22 calendar year. The budget agency shall provide the county council with
 23 an informative summary of the calculations used to determine the
 24 certified distribution. The summary of calculations must include:

- 25 (1) the amount reported on individual income tax returns
- 26 processed by the department during the previous fiscal year;
- 27 (2) adjustments for over distributions in prior years;
- 28 (3) adjustments for clerical or mathematical errors in prior years;
- 29 (4) adjustments for tax rate changes; and
- 30 (5) the amount of excess account balances to be distributed under
- 31 IC 6-3.5-1.1-21.1.

32 The budget agency shall also certify information concerning the part of
 33 the certified distribution that is attributable to a tax rate under section
 34 24, 25, ~~or 26~~, **or 29** of this chapter. This information must be certified
 35 to the county auditor, the department, and the department of local
 36 government finance before October 1 of each calendar year. The part
 37 of the certified distribution that is attributable to a tax rate under
 38 section 24, 25, ~~or 26~~, **or 29** of this chapter may be used only as
 39 specified in those provisions.

40 (c) The budget agency shall certify an amount less than the amount
 41 determined under subsection (b) if the budget agency determines that
 42 the reduced distribution is necessary to offset overpayments made in a



1 calendar year before the calendar year of the distribution. The budget
2 agency may reduce the amount of the certified distribution over several
3 calendar years so that any overpayments are offset over several years
4 rather than in one (1) lump sum.

5 (d) The budget agency shall adjust the certified distribution of a
6 county to correct for any clerical or mathematical errors made in any
7 previous certification under this section. The budget agency may
8 reduce the amount of the certified distribution over several calendar
9 years so that any adjustment under this subsection is offset over several
10 years rather than in one (1) lump sum.

11 (e) This subsection applies to a county that initially imposes,
12 increases, decreases, or rescinds a tax or tax rate under this chapter
13 before November 1 in the same calendar year in which the budget
14 agency makes a certification under this section. The budget agency
15 shall adjust the certified distribution of a county to provide for a
16 distribution in the immediately following calendar year and in each
17 calendar year thereafter. The budget agency shall provide for a full
18 transition to certification of distributions as provided in subsection
19 (a)(1) through (a)(2) in the manner provided in subsection (c). If the
20 county imposes, increases, decreases, or rescinds a tax or tax rate under
21 this chapter after the date for which a certification under subsection (b)
22 is based, the budget agency shall adjust the certified distribution of the
23 county after September 30 of the calendar year. The adjustment shall
24 reflect any other adjustment required under subsections (c), (d), (f), and
25 (g). The adjusted certification shall be treated as the county's "certified
26 distribution" for the immediately succeeding calendar year. The budget
27 agency shall certify the adjusted certified distribution to the county
28 auditor for the county and provide the county council with an
29 informative summary of the calculations that revises the informative
30 summary provided in subsection (b) and reflects the changes made in
31 the adjustment.

32 (f) The budget agency shall adjust the certified distribution of a
33 county to provide the county with the distribution required under
34 section 3.3 of this chapter beginning not later than the tenth month after
35 the month in which additional revenue from the tax authorized under
36 section 3.3 of this chapter is initially collected.

37 (g) This subsection applies in the year in which a county initially
38 imposes a tax rate under section 24 of this chapter. Notwithstanding
39 any other provision, the budget agency shall adjust the part of the
40 county's certified distribution that is attributable to the tax rate under
41 section 24 of this chapter to provide for a distribution in the
42 immediately following calendar year equal to the result of:



(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by

(2) two (2).

(h) The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

(i) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

(j) The estimates under subsections (h) and (i) must specify the amount of the estimated certified distributions that are attributable to the additional rate authorized under section 24 of this chapter, the additional rate authorized under section 25 of this chapter, the additional rate authorized under section 26 of this chapter, **the additional rate authorized under section 29 of this chapter**, and any other additional rates authorized under this chapter.

SECTION 3. IC 6-3.5-1.1-10, AS AMENDED BY P.L.137-2012, SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on the first regular business day of each month of that calendar year.

(b) Except for:

(1) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.3 of this chapter;

(2) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5 of this chapter;

(3) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;



(4) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

(5) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter;

(6) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; or

(7) revenue attributable to a tax rate under section 24, 25, ~~or~~ 26, **or 29** of this chapter;

distributions made to a county treasurer under subsection (a) shall be treated as though they were property taxes that were due and payable during that same calendar year. Except as provided by sections 24, 25, ~~and 26, and 29~~ of this chapter, the certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

(c) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

SECTION 4. IC 6-3.5-1.1-11, AS AMENDED BY P.L.77-2011, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:

(1) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.3 of this chapter;

(2) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5 of this chapter;

(3) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

(4) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;



(5) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter;

(6) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; or

(7) revenue attributable to a tax rate under section 24, 25, ~~or~~ 26, **or 29** of this chapter;

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 10 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on December 1 of the calendar year that precedes the year in which the certified distribution will be received by two (2) years. The percentages are set forth in the following table:

		PROPERTY	
COUNTY		TAX	
ADJUSTED GROSS		REPLACEMENT	CERTIFIED
INCOME TAX RATE		CREDITS	SHARES
0.5%		50%	50%
0.75%		33 1/3%	66 2/3%
1%		25%	75%

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 5. IC 6-3.5-1.1-23, AS AMENDED BY P.L.224-2007, SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) A pledge of county adjusted gross income tax revenues under this chapter (other than tax revenue attributable to a tax rate under section 24, 25, ~~or~~ 26, **or 29** of this chapter) is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and



the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the collection of the tax imposed under this chapter as long as the principal of or interest on those obligations is unpaid.

SECTION 6. IC 6-3.5-1.1-29 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 29. (a) The fiscal body of a county may adopt an ordinance to impose an additional tax rate under this section to offset in whole or in part the reductions to property tax collections sustained under IC 6-1.1-20.6-9.5 by the political subdivisions in the county during the calendar year.**

(b) The fiscal body of a county may not impose an additional rate under this section without doing the following:

(1) Publishing notice in accordance with IC 5-3-1 of any meeting to consider adoption of an ordinance under this section.

(2) Notifying the budget agency of the fiscal body's intent to consider adopting an ordinance under this section and requesting a determination of the initial tax rate to be imposed under the ordinance.

(3) Conducting a public hearing on the initial tax rate certified by the budget agency under subsection (d) before adopting an ordinance under this section.

If a fiscal body adopts an ordinance to impose a tax rate under this section, the county auditor shall not more than ten (10) days after the vote send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(c) A tax rate imposed under this section:

(1) is annually adjusted under subsection (e);

(2) must be rounded to the nearest one-tenth of one percent (0.1%);

(3) may not exceed one percent (1%); and

(4) takes effect following the adoption of an ordinance under this section in accordance with the schedule set forth in section 1.5(b) of this chapter.

(d) Upon the request of a county fiscal body, the budget agency shall:

(1) determine the initial tax rate necessary to offset the maximum amount of reductions to the property tax collections sustained by political subdivisions in the county



1 during the calendar year without exceeding the maximum tax
 2 rate specified in subsection (c)(3); and

3 (2) certify the rate determined under subdivision (1) to the
 4 county auditor and the county fiscal body.

5 (e) The budget agency shall annually certify the amount that a
 6 tax rate imposed under this section must be adjusted to offset the
 7 maximum amount of reductions to the property tax collections of
 8 political subdivisions sustained during the calendar year without
 9 exceeding the maximum tax rate specified in subsection (c)(3). The
 10 budget agency shall provide a copy of the certification to the
 11 county auditor and the commissioner of the department. The
 12 certified adjustment to the tax rate takes effect on January 1 of the
 13 following calendar year.

14 (f) A tax rate under this section is in addition to any other tax
 15 rates imposed under this chapter and does not affect the purposes
 16 for which other tax revenue under this chapter may be used.

17 (g) The county auditor shall distribute the part of the certified
 18 distribution that is attributable to a tax rate under this section to
 19 each political subdivision in the county that sustained a reduction
 20 to its property tax collections in the previous calendar year under
 21 IC 6-1.1-20.6-9.5. The amount that shall be distributed to the
 22 political subdivision is equal to the result of:

23 (1) the part of the certified distribution that is attributable to
 24 a tax rate under this section; multiplied by

25 (2) a fraction equal to:

26 (A) the reduction to property tax collections sustained
 27 under IC 6-1.1-20.6-9.5 by the political subdivision in the
 28 previous calendar year; divided by

29 (B) the sum of the reductions to the property tax
 30 collections sustained under IC 6-1.1-20.6-9.5 by all of the
 31 political subdivisions in the county in the previous calendar
 32 year.

33 The county auditor shall make the distributions required by this
 34 subsection not more than thirty (30) days after receiving the part
 35 of the certified distribution that is attributable to a tax rate under
 36 this section. Tax revenue distributed to a political subdivision
 37 under this subsection may be appropriated by the fiscal body of the
 38 political subdivision for any lawful purpose.

39 (h) The department of local government finance may not
 40 require a political subdivision receiving tax revenue under this
 41 section to reduce the political subdivision's property tax levy for a
 42 particular year on account of the political subdivision's receipt of



1 the tax revenue.

2 (i) The tax rate under this section and the tax revenue
3 attributable to the tax rate under this section shall not be
4 considered for purposes of computing:

5 (1) the maximum income tax rate that may be imposed in a
6 county under section 2 of this chapter or any other provision
7 of this chapter;

8 (2) the maximum permissible ad valorem property tax levy
9 under IC 6-1.1-18.5-3; or

10 (3) the credit under IC 6-1.1-20.6.

11 (j) The tax rate under this section may be imposed or rescinded
12 at the same time and in the same manner that the county may
13 impose or increase a tax rate under section 24 of this chapter.

14 (k) The budget agency, the department of local government
15 finance, and the department of state revenue may take any actions
16 necessary to carry out the purposes of this section.

17 SECTION 7. IC 6-3.5-6-8, AS AMENDED BY P.L.261-2013,
18 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
19 UPON PASSAGE]: Sec. 8. (a) The county income tax council of any
20 county in which the county adjusted gross income tax will not be in
21 effect on December 1 of a year under an ordinance adopted during a
22 previous calendar year may impose the county option income tax on the
23 adjusted gross income of county taxpayers of its county.

24 (b) Except as provided in sections 30, 31, ~~and 32~~, **and 34** of this
25 chapter, the county option income tax may initially be imposed at a rate
26 of two-tenths of one percent (0.2%) on the resident county taxpayers of
27 the county and at a rate of five-hundredths of one percent (0.05%) for
28 all other county taxpayers.

29 (c) To impose the county option income tax, a county income tax
30 council must pass an ordinance. The ordinance must substantially state
31 the following:

32 "The _____ County Income Tax Council imposes the
33 county option income tax on the county taxpayers of
34 _____ County. The county option income tax is
35 imposed at a rate of two-tenths of one percent (0.2%) on the
36 resident county taxpayers of the county and at a rate of
37 five-hundredths of one percent (0.05%) on all other county
38 taxpayers."

39 (d) Except as provided in sections 30, 31, ~~and 32~~, **and 34** of this
40 chapter, if the county option income tax is imposed on the county
41 taxpayers of a county, then the county option income tax rate that is in
42 effect for resident county taxpayers of that county increases by



1 one-tenth of one percent (0.1%) on each succeeding October 1 until the
2 rate equals six-tenths of one percent (0.6%).

3 (e) The county option income tax rate in effect for the county
4 taxpayers of a county who are not resident county taxpayers of that
5 county is at all times one-fourth (1/4) of the tax rate imposed upon
6 resident county taxpayers.

7 (f) The auditor of a county shall record all votes taken on ordinances
8 presented for a vote under this section and, not more than ten (10) days
9 after the vote, send a certified copy of the results to the commissioner
10 of the department, the director of the budget agency, and the
11 commissioner of the department of local government finance in an
12 electronic format approved by the director of the budget agency.

13 SECTION 8. IC 6-3.5-6-9, AS AMENDED BY P.L.261-2013,
14 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 UPON PASSAGE]: Sec. 9. (a) If on January 1 of a calendar year the
16 county option income tax rate in effect for resident county taxpayers
17 equals six-tenths of one percent (0.6%), excluding a tax rate imposed
18 under section 30, 31, ~~or 32~~, **or 34** of this chapter, the county income tax
19 council of that county may pass an ordinance to increase its tax rate for
20 resident county taxpayers. If a county income tax council passes an
21 ordinance under this section, its county option income tax rate for
22 resident county taxpayers increases by one-tenth of one percent (0.1%)
23 in the year in which the ordinance is adopted, as provided in section 1.5
24 of this chapter, and on each succeeding October 1 until its rate reaches
25 a maximum of one percent (1%), excluding a tax rate imposed under
26 section 30, 31, ~~or 32~~, **or 34** of this chapter.

27 (b) The auditor of the county shall record any vote taken on an
28 ordinance proposed under the authority of this section and, not more
29 than ten (10) days after the vote, send a certified copy of the results to
30 the commissioner of the department, the director of the budget agency,
31 and the commissioner of the department of local government finance
32 in an electronic format approved by the director of the budget agency.

33 SECTION 9. IC 6-3.5-6-17, AS AMENDED BY P.L.261-2013,
34 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 UPON PASSAGE]: Sec. 17. (a) Revenue derived from the imposition
36 of the county option income tax shall, in the manner prescribed by this
37 section, be distributed to the county that imposed it. The amount that
38 is to be distributed to a county during an ensuing calendar year equals
39 the amount of county option income tax revenue that the budget agency
40 determines has been:

41 (1) received from that county for a taxable year ending in a
42 calendar year preceding the calendar year in which the



determination is made; and
 (2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;
 as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the budget agency shall provide to the county auditor of each adopting county an estimate of the amount determined under subsection (a) that will be distributed to the county, based on known tax rates. Not later than thirty (30) days after receiving the estimate of the certified distribution, the county auditor shall notify each taxing unit of the estimated amount of distributive shares and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. Before October 1 of each calendar year, the budget agency shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), (e), and (f). Not later than thirty (30) days after receiving the notice of the amount of the certified distribution, the county auditor shall notify each taxing unit of the amount of distributive shares and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. The budget agency shall provide the county council with an informative summary of the calculations used to determine the certified distribution. The summary of calculations must include:

- (1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;
- (2) adjustments for over distributions in prior years;
- (3) adjustments for clerical or mathematical errors in prior years;
- (4) adjustments for tax rate changes; and
- (5) the amount of excess account balances to be distributed under IC 6-3.5-6-17.3.

The budget agency shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 30, 31, ~~or~~ 32, **or 34** of this chapter. This information must be certified to the county auditor and to the department of local government finance before October 1 of each calendar year. The part of the certified



1 distribution that is attributable to a tax rate under section 30, 31, ~~or~~ 32,
 2 **or 34** of this chapter may be used only as specified in those provisions.

3 (c) The budget agency shall certify an amount less than the amount
 4 determined under subsection (b) if the budget agency determines that
 5 the reduced distribution is necessary to offset overpayments made in a
 6 calendar year before the calendar year of the distribution. The budget
 7 agency may reduce the amount of the certified distribution over several
 8 calendar years so that any overpayments are offset over several years
 9 rather than in one (1) lump sum.

10 (d) The budget agency shall adjust the certified distribution of a
 11 county to correct for any clerical or mathematical errors made in any
 12 previous certification under this section. The budget agency may
 13 reduce the amount of the certified distribution over several calendar
 14 years so that any adjustment under this subsection is offset over several
 15 years rather than in one (1) lump sum.

16 (e) This subsection applies to a county that imposes, increases,
 17 decreases, or rescinds a tax or tax rate under this chapter before
 18 November 1 in the same calendar year in which the budget agency
 19 makes a certification under this section. The budget agency shall adjust
 20 the certified distribution of a county to provide for a distribution in the
 21 immediately following calendar year and in each calendar year
 22 thereafter. The budget agency shall provide for a full transition to
 23 certification of distributions as provided in subsection (a)(1) through
 24 (a)(2) in the manner provided in subsection (c). If the county imposes,
 25 increases, decreases, or rescinds a tax or tax rate under this chapter
 26 after the date for which a certification under subsection (b) is based, the
 27 budget agency shall adjust the certified distribution of the county after
 28 September 30 of the calendar year. The adjustment shall reflect any
 29 other adjustment required under subsections (c), (d), and (f). The
 30 adjusted certification shall be treated as the county's "certified
 31 distribution" for the immediately succeeding calendar year. The budget
 32 agency shall certify the adjusted certified distribution to the county
 33 auditor for the county and provide the county council with an
 34 informative summary of the calculations that revises the informative
 35 summary provided in subsection (b) and reflects the changes made in
 36 the adjustment.

37 (f) This subsection applies in the year a county initially imposes a
 38 tax rate under section 30 of this chapter. Notwithstanding any other
 39 provision, the budget agency shall adjust the part of the county's
 40 certified distribution that is attributable to the tax rate under section 30
 41 of this chapter to provide for a distribution in the immediately
 42 following calendar year equal to the result of:



(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 30 of this chapter; multiplied by

(2) the following:

(A) In a county containing a consolidated city, one and five-tenths (1.5).

(B) In a county other than a county containing a consolidated city, two (2).

(g) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first regular business day of each month of that calendar year.

(h) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(i) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

(j) The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

(k) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

(l) The estimates under subsections (j) and (k) must specify the amount of the estimated certified distributions that are attributable to the additional rate authorized under section 30 of this chapter, the additional rate authorized under section 31 of this chapter, the additional rate authorized under section 32 of this chapter, **the additional rate authorized under section 34 of this chapter**, and any other additional rates authorized under this chapter.

SECTION 10. IC 6-3.5-6-18, AS AMENDED BY P.L.135-2011, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;



(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;

(4) fund the operation of a public library in a county containing a consolidated city as provided in an election, if any, made by the county fiscal body under IC 36-3-7-6;

(5) make payments permitted under IC 36-7-14-25.5 or IC 36-7-15.1-17.5;

(6) make payments permitted under subsection (i);

(7) make distributions of distributive shares to the civil taxing units of a county; and

(8) make the distributions permitted under sections 27, 28, 29, 30, 31, 32, ~~and~~ 33, ~~and~~ 34 of this chapter.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain:

(1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-3-7-6, IC 36-7-14-25.5, IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year; and

(2) the amount of an additional tax rate imposed under section 27, 28, 29, 30, 31, 32, ~~or~~ 33, ~~or~~ 34 of this chapter.

The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the allocation



amount for the civil taxing unit for the calendar year in which the month falls. The denominator of the fraction equals the sum of the allocation amounts of all the civil taxing units of the county for the calendar year in which the month falls.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter (other than revenues attributable to a tax rate imposed under section 30, 31, ~~or 32, or 34~~ of this chapter) to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 11. IC 6-3.5-6-26, AS AMENDED BY P.L.224-2007, SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A pledge of county option income tax



revenues under this chapter (other than revenues attributable to a tax rate imposed under section 30, 31, ~~or 32~~, **or 34** of this chapter) is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the tax collected under this chapter as long as the principal of or interest on those obligations is unpaid.

SECTION 12. IC 6-3.5-6-34 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 34. (a) The county income tax council may adopt an ordinance to impose an additional tax rate under this section to offset in whole or in part the reductions to property tax collections sustained under IC 6-1.1-20.6-9.5 by the political subdivisions in the county during the calendar year.**

(b) The county income tax council may not impose an additional rate under this section without doing the following:

(1) Publishing notice in accordance with IC 5-3-1 of any meeting to consider adoption of an ordinance under this section.

(2) Notifying the budget agency of the county income tax council's intent to consider adopting an ordinance under this section and requesting a determination of the initial tax rate to be imposed under the ordinance.

(3) Conducting a public hearing on the initial tax rate certified by the budget agency under subsection (d) before adopting an ordinance under this section.

If the county income tax council adopts an ordinance to impose a tax rate under this section, the county auditor shall not more than ten (10) days after the vote send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(c) A tax rate imposed under this section:

(1) is annually adjusted under subsection (e);

(2) must be rounded to the nearest one-tenth of one percent (0.1%);

(3) may not exceed one percent (1%); and

(4) takes effect following the adoption of an ordinance under this section in accordance with the schedule set forth in



section 1.5(b) of this chapter.

(d) Upon the request of the county income tax council, the budget agency shall:

(1) determine the initial tax rate necessary to offset the maximum amount of reductions to the property tax collections sustained by political subdivisions in the county during the calendar year without exceeding the maximum tax rate specified in subsection (c)(3); and

(2) certify the rate determined under subdivision (1) to the county auditor and the county income tax council.

(e) The budget agency shall annually certify the amount that a tax rate imposed under this section must be adjusted to offset the maximum amount of reductions to the property tax collections of political subdivisions sustained during the calendar year without exceeding the maximum tax rate specified in subsection (c)(3). The budget agency shall provide a copy of the certification to the county auditor and the commissioner of the department. The certified adjustment to the tax rate takes effect on January 1 of the following calendar year.

(f) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(g) The county auditor shall distribute the part of the certified distribution that is attributable to a tax rate under this section to each political subdivision in the county that sustained a reduction to its property tax collections in the previous calendar year under IC 6-1.1-20.6-9.5. The amount that shall be distributed to the political subdivision is equal to the result of:

(1) the part of the certified distribution that is attributable to a tax rate under this section; multiplied by

(2) a fraction equal to:

(A) the reduction to property tax collections sustained under IC 6-1.1-20.6-9.5 by the political subdivision in the previous calendar year; divided by

(B) the sum of the reductions to the property tax collections sustained under IC 6-1.1-20.6-9.5 by all of the political subdivisions in the county in the previous calendar year.

The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the part of the certified distribution that is attributable to a tax rate under this section. Tax revenue distributed to a political subdivision



under this subsection may be appropriated by the fiscal body of the political subdivision for any lawful purpose.

(h) The department of local government finance may not require a political subdivision receiving tax revenue under this section to reduce the political subdivision's property tax levy for a particular year on account of the political subdivision's receipt of the tax revenue.

(i) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter;

(2) the maximum permissible ad valorem property tax levy under IC 6-1.1-18.5-3; or

(3) the credit under IC 6-1.1-20.6.

(j) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 30 of this chapter.

(k) The budget agency, the department of local government finance, and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(l) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

SECTION 13. IC 6-3.5-7-5, AS AMENDED BY P.L.261-2013, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

(1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on October 1 of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on October 1 of the year the county economic development tax is imposed; or

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county



income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in this section and section 28 of this chapter, the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in this section, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in this section, the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must adopt an ordinance.

(e) The ordinance to impose the tax must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county."

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(g) For Jackson County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has



imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(h) For Pulaski County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(i) For Wayne County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(j) This subsection applies to Randolph County. Except as provided in subsection (o), in addition to the rates permitted under subsection (b):

- (1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
- (2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(k) For Daviess County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(l) For:

- (1) Elkhart County; or
- (2) Marshall County;

except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For Union County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) This subsection applies to Knox County. Except as provided in subsection (o), in addition to the rates permitted under subsection (b):

- (1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
- (2) the sum of the county economic development income tax rate and:



1 (A) the county adjusted gross income tax rate that are in effect
 2 on January 1 of a year may not exceed one and five-tenths
 3 percent (1.5%); or
 4 (B) the county option income tax rate that are in effect on
 5 January 1 of a year may not exceed one and twenty-five
 6 hundredths percent (1.25%);
 7 if the county council makes a determination to impose rates under this
 8 subsection and section 24 of this chapter.

9 (o) In addition:

10 (1) the county economic development income tax may be imposed
 11 at a rate that exceeds by not more than twenty-five hundredths
 12 percent (0.25%) the maximum rate that would otherwise apply
 13 under this section; and

14 (2) the:

15 (A) county economic development income tax; and

16 (B) county option income tax or county adjusted gross income
 17 tax;

18 may be imposed at combined rates that exceed by not more than
 19 twenty-five hundredths percent (0.25%) the maximum combined
 20 rates that would otherwise apply under this section.

21 However, the additional rate imposed under this subsection may not
 22 exceed the amount necessary to mitigate the increased ad valorem
 23 property taxes on homesteads (as defined in IC 6-1.1-20.9-1 (repealed)
 24 before January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or
 25 residential property (as defined in section 26 of this chapter), as
 26 appropriate under the ordinance adopted by the adopting body in the
 27 county, resulting from the deduction of the assessed value of inventory
 28 in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the
 29 exclusion in 2008 of inventory from the definition of personal property
 30 in IC 6-1.1-1-11.

31 (p) If the county economic development income tax is imposed as
 32 authorized under subsection (o) at a rate that exceeds the maximum
 33 rate that would otherwise apply under this section, the certified
 34 distribution must be used for the purpose provided in section 26 of this
 35 chapter to the extent that the certified distribution results from the
 36 difference between:

37 (1) the actual county economic development tax rate; and

38 (2) the maximum rate that would otherwise apply under this
 39 section.

40 (q) This subsection applies only to a county described in section 27
 41 of this chapter. Except as provided in subsection (o), in addition to the
 42 rates permitted by subsection (b), the:



(1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(r) Except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(s) This subsection applies to Howard County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(t) This subsection applies to Scott County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(u) This subsection applies to Jasper County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(v) An additional county economic development income tax rate imposed under section 28 of this chapter may not be considered in calculating any limit under this section on the sum of:

(1) the county economic development income tax rate plus the county adjusted gross income tax rate; or

(2) the county economic development tax rate plus the county option income tax rate.

(w) The income tax rate limits imposed by subsection (c) or (x) or any other provision of this chapter do not apply to:

(1) a county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, ~~or~~ IC 6-3.5-1.1-26, **or IC 6-3.5-1.1-29**; or

(2) a county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, ~~or~~ IC 6-3.5-6-32, **or IC 6-3.5-6-34**.

For purposes of computing the maximum combined income tax rate



under subsection (c) or (x) or any other provision of this chapter that may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county adjusted gross income tax rate or county option income tax rate for a particular year does not include the county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, ~~or~~ IC 6-3.5-1.1-26, **or IC 6-3.5-1.1-29** or the county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, ~~or~~ IC 6-3.5-6-32, **or IC 6-3.5-6-34**.

(x) This subsection applies to Monroe County. Except as provided in subsection (o), if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(y) This subsection applies to Perry County. Except as provided in subsection (o), if an ordinance is adopted under section 27.5 of this chapter, the county economic development income tax rate plus the county option income tax rate that is in effect on January 1 of a year may not exceed one and seventy-five hundredths percent (1.75%).

(z) This subsection applies to Starke County. Except as provided in subsection (o), if an ordinance is adopted under section 27.6 of this chapter, the county economic development income tax rate plus the county adjusted gross income tax rate that is in effect on January 1 of a year may not exceed two percent (2%).

SECTION 14. An emergency is declared for this act.

